

City of Wilmington Delaware



Approved Budget Summary FY 2017

Dennis P. Williams
Mayor

Prepared by the
Office of Management and Budget

Fiscal Year 2017 • Approved by City Council • May 25, 2016

City of Wilmington
FY 2017 Approved Budget

	FY 2017 General Fund	FY 2017 Water/Sewer Fund	FY 2017 Total
Revenue	\$154,575,913	\$74,120,244	\$228,696,157
Expenditures	154,038,640	73,235,279	227,273,919
Surplus/(Deficit)	\$537,273	\$884,965	\$1,422,238
WPA Transfer In	275,000	0	275,000
Net Surplus/(Deficit)	\$812,273	\$884,965	\$1,697,238

No Property Tax increase.
No Water, Sewer, and Stormwater rate increases.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2017

The General Fund

- The Fiscal Year (FY) 2017 operating budget expenditures total **\$154,038,640** – up \$2,341,782, or 1.5% from FY 2016. Despite the City having to absorb \$4.4 million in uncontrollable cost increases and the loss of \$1.9 million in State public safety pension revenue, the Budget was balanced with no tax or fee increases through a broad and shared sacrifice by all Departments to reduce expenditures and create further efficiencies, along with strong fiscal management.
- Staffing decreased by a net total of 2.90 full-time equivalents (FTE). These changes are detailed below:
 - In the Mayor's Office, a net 1.0 FTE was deleted. A vacant Program Support Specialist position in the Office of Economic Development was eliminated, as well as the vacant Civil Appeals Director position in the Constituent Services Division. These deletions more than offset the addition of a new Constituent Services Representative position in the Constituent Services Division.
 - In the Finance Department, a net total of 0.40 FTE was deleted. Through a reallocation that changed the funding splits of ten positions, a net 2.10 FTE were transferred in from the Water/Sewer Fund. More than offsetting this, four vacant positions (three of which were split-funded) were deleted, eliminating a net 2.50 FTE. The four vacant deleted positions were a Senior Financial Analyst, an Assistant Billing Manager, a Contract Compliance Officer, and an Account Entry Clerk.
 - In the Planning Department, a net total of 0.96 FTE was deleted. A vacant Planning Aide position was deleted for a 1.00 FTE reduction. However, the reallocation of costs for the Planner II position that is split-funded between the General Fund and the CDBG Fund added back a 0.04 FTE.
 - In the Real Estate & Housing Department, a net total of 0.04 FTE was deleted. The reallocation of costs between the General Fund and the CDBG Fund for the split-funded Development Specialist position added back 0.26 FTE. This was just slightly more than offset by the savings from the elimination of the split-funded (30% General Fund - 70% CDBG funds) Property Manager position.
 - In the Public Works Department, a net 0.50 FTE was deleted. A position of Contracts & Fleet Administrator was created to bring city-wide vehicle fleet management in house. More than offsetting this increase was the elimination of two vacancies, one of which was split-funded, resulting in a decrease of 1.50 FTE. The long-vacant Utility Yard Mechanic position in the Street Cleaning Division was deleted, along with the vacant Purchasing Coordinator II position in the Administration Division that had been split-funded 50% General Fund and 50% Water/Sewer Fund.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2017

The General Fund (continued)

- After several years of relatively modest employee medical benefit cost increases, inflationary pressure on the price of many medical procedures and prescription drugs has come roaring back. The City's Health and Welfare Fund budget (from which the City's active employee medical benefits are administered and then charged back to the Departments through the Hospitalization account), increased by a staggering \$4.6 million or 25.7% in FY 2017. To offset the effect on the operating budget, \$2 million in fund balance was transferred from the Risk Management Fund to the Health and Welfare Fund. This will lower the impact to the General Fund to a somewhat more manageable \$1.79 million or 12.4% increase to Hospitalization.
- A reduction of almost \$1.9 million in annual funding from the State of Delaware to support the City's old Police and Fire pension plans led to a sizable increase in the City's actuarial funding target for Fire. Fortunately, recent good investment returns helped allow some offsetting decreases to the actuarial targets of the City's other pension plans. But, in the end, the General Fund still had to absorb a net overall increase of \$878,000 for Pension and Pension Healthcare.
- Cost of Living Adjustments awarded in FY 2016 (which continue forward into FY 2017), along with employee anniversary salary step advancements, added \$1.4 million to Personal Services.
- Together, Overtime, Comp Time Payouts, and the newly created Standby Pay, increased by \$681,000. Almost half of the increase was attributable to a \$310,000 rise in Fire Overtime to cover minimum manning requirements. Police Overtime and Comp Time Payouts each increased by \$100,000 in recognition of consistently higher actual utilization. Lastly, Public Works and Licenses and Inspections (L&I) budgeted \$67,000 and \$25,000 respectively for Standby Pay. In previous fiscal years, Standby Pay had been an unbudgeted expense charged against Regular Salaries.
- In FY 2016, the City began a four-year phase-in to appropriately charge itself for water, sewer, and stormwater services used by Departments in the General Fund. The General Fund paid 25% of these charges in 2016. It will pay 50% in FY 2017, 75% in 2018, and then 100% in FY 2019 and beyond. Starting with a base fee of just under \$1.05 million for water, sewer, and stormwater services, the 50% charge for FY 2017 to the General Fund will be about \$527,000, an increase of almost \$264,000 from last fiscal year.
- As part of the final budget compromise, \$100,000 in funding was added to the Office of Management & Budget (OMB) for Consultants. The funding is to be used to hire specialists to assist OMB in performing departmental operational reviews.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2017

The General Fund (continued)

- In total, Administrative Internal Services chargebacks decreased a net \$97,500. This was primarily caused by a reduction in Telephone charges, one of the larger components of Administrative Internal Services. The elimination of the one-time costs budgeted last fiscal year for the City's new telephone system enabled total Telephone charges to be lowered by \$123,400.
- Debt Service decreased by a net \$334,800. Good timing and a strong bond rating resulted in a record bond premium on the City's recent bond issuance that lowered the effective overall interest rate to just 3.18%. This is lower than the original FY 2016 budgeted interest rate of 3.5%.
- The FY 2017 Budget was crafted to ensure financial stability without reductions to essential services and programs. This was done without relying on any increases to taxes and fees. The new Water, Sewer, and Stormwater Charges notwithstanding, Departments cut nearly \$510,000 from the total FY 2017 MS&E Budget, a reduction of almost 2.7% from last fiscal year.
- The Budget was balanced with no increases to taxes and fees.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2017

The Water/Sewer Fund

- The FY 2017 operating budget expenditures total **\$73,235,279** – up \$1,925,897, or 2.7% from FY 2016. The FY 2017 Budget continues to support the high-priority initiatives begun in recent years deemed essential to achieving financially self-sustaining and environmentally-sound water, sewer, and stormwater utilities. These include an accelerated Combined Sewer Overflow (CSO) mitigation effort, and finished water filtration and supply improvements that exceed EPA standards, contributing to the stability of northern Delaware’s water supply, especially in times of drought.
- The City’s Renewable Energy Bio-solids Facility (REBF) is scheduled to become fully operational late in the First Quarter of Fiscal Year 2017. The REBF is a cutting edge, renewable energy facility that will lower the City's carbon emissions, produce energy from processed Cherry Island Landfill gas to power the City’s Wastewater Treatment Plant, and greatly reduce the tonnage of sewer sludge to be disposed. The operation and maintenance of the REBF will be managed through a 20-year guaranteed energy savings contract with Honeywell. The Contracted Maintenance Services account in the Public Works Wastewater Treatment Division was increased by \$2.1 million to cover startup costs and contingencies related to the REBF.
- The comprehensive multi-year program to replace all small water meters (mostly affecting residential customers with 5/8 inch connections) with new, more accurate and more durable models will begin in earnest in FY 2017. The goal is to replace at least 6,000 of the old meters per year at a cost of \$1 million each year. The total replacement of all small meters should be completed in five years.
- Total Personal Services in the Water/Sewer Fund increased by almost \$323,000. The increase in Hospitalization (employee medical costs) of nearly \$311,000 accounted for more than 96% of that rise. As mentioned previously, after several years of relatively modest employee medical benefit cost increases, inflationary pressure on the price of many medical procedures and prescription drugs has come roaring back.
- Repairs to Water Lines rose by \$350,000, reflecting additional funding for the expanded maintenance program for water main valve maintenance and repair.
- Time and heavy usage of the Cool Spring Reservoir park have severely degraded the pond and the buffering landscaping. Public Works has added \$320,000 to the FY 2017 Budget to secure a complete environmental management services contractor to restore the pond to its original condition and to keep it there. Services will include controlling and managing nutrient levels, buffers, sedimentation, aeration, maintaining the proper ecological balance between flora and fauna, working with regulated species, and maintaining winter pond ecology.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2017

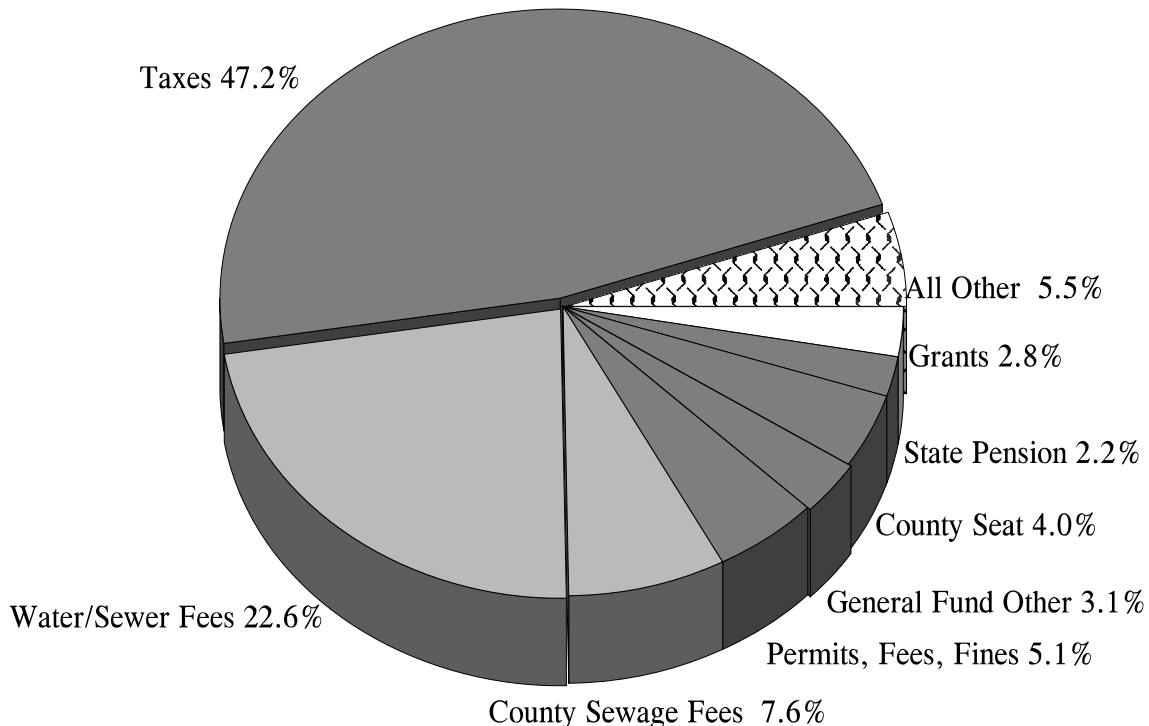
The Water/Sewer Fund (continued)

- Rather than waiting until after problems develop to take action, \$285,000 was added to the Repairs to Equipment account in the Water System Division to proactively maintain the boiler feed pumps, condensate return systems, heat exchanges, and associated piping at the City's filter plants.
- The Indirect Cost expense to the Water/Sewer Fund rose by \$223,100, reflecting the budgeted increases in the supporting services provided to the Water/Sewer Fund's utility functions by the General Fund.
- Staffing decreased by a net total of 3.10 FTE. These changes are detailed below:
 - In the Finance Department, a net total of 1.60 FTE were deleted as a result of actions taken on 15 positions. Through a reallocation that changed the funding splits of ten positions, a net 2.10 FTE were transferred out to the General Fund. In addition, three vacant split-funded positions were deleted, eliminating a net 1.50 FTE. The three vacant split-funded positions deleted were a Senior Financial Analyst, an Assistant Billing Manager, and an Account Entry Clerk. Finally, offsetting these reductions was the 2.00 FTE addition that resulted from increasing the total number of Billing Analyst and Customer Service Consultant II positions by one each.
 - In the Public Works Department, a total of 1.50 FTE was deleted. In the Administration Division, the vacant Purchasing Coordinator II position that had been split-funded 50% General Fund and 50% Water/Sewer Fund was eliminated. Also, as part of the final budget compromise with City Council, a vacant Plant Mechanic II position (1.00 FTE) in the Water System Division was deleted.
- The special concrete repairs to the Wastewater Treatment Plant's fine screen buildings will be completed in FY 2016. The one-time funding that had been budgeted for the engineering and construction costs for this project was eliminated in FY 2017, saving \$1,047,000.
- Bond-Interest Payments decreased by a net \$1.87 million. Good timing and a strong bond rating resulted in a record bond premium on the City's recent bond issuance that lowered the effective overall interest rate to just 3.18%. This is lower than the original FY 2016 budgeted interest rate of 3.5%.
- There are no increases to water, sewer, and stormwater rates.

SUMMARY ALL FUNDS COMBINED FISCAL YEAR 2017

<u>Revenues</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Taxes	\$106,613,151	\$111,345,910	\$112,145,731	\$114,125,910	1.8%
Permits, Fees, Fines	12,383,766	11,744,885	12,800,000	12,350,000	-3.5%
Task Force Revenues	4,754,986	5,053,288	4,745,026	5,232,226	10.3%
County Seat Relief	9,129,958	9,658,837	8,765,836	9,643,339	10.0%
State Pension Contr.	5,302,444	5,731,410	7,155,315	5,269,823	-26.4%
General Fund Other	6,855,142	7,028,845	7,258,483	7,389,555	1.8%
Water/Sewer Fees	56,990,787	54,610,259	53,026,216	54,545,000	2.9%
County Sewage Fees	17,769,628	18,095,165	19,380,024	18,374,244	-5.2%
Water/Sewer Other	1,735,386	1,155,061	1,209,784	1,201,000	-0.7%
Port Debt Reimburse.	456,166	934,165	936,721	840,060	-10.3%
Special Funds Grants	9,090,991	9,131,328	6,686,881	6,666,059	-0.3%
Special Funds Other	<u>5,147,765</u>	<u>5,636,767</u>	<u>5,539,528</u>	<u>5,967,694</u>	<u>7.7%</u>
Total Revenues	<u>\$236,230,170</u>	<u>\$240,125,920</u>	<u>\$239,649,545</u>	<u>\$241,604,910</u>	<u>0.8%</u>

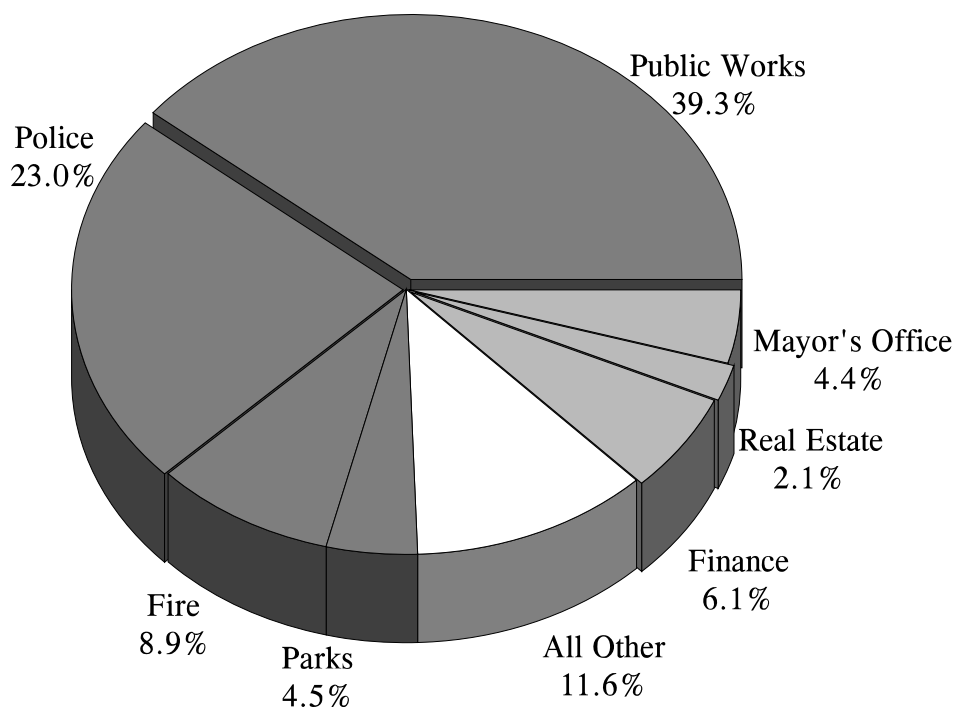
Revenues All Funds Fiscal Year 2017



SUMMARY OF ALL FUNDS COMBINED FISCAL YEAR 2017

<u>Expenditures</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Mayor's Office	\$9,433,291	\$9,996,747	\$10,508,251	\$10,529,008	0.2 %
Council	3,062,740	3,102,350	3,076,760	3,200,216	4.0 %
Treasurer	4,344,269	4,820,055	4,736,377	5,100,629	7.7 %
Planning	1,741,573	1,618,715	1,739,139	1,813,166	4.3 %
Audit	716,027	730,535	783,252	790,690	1.0 %
Law	2,820,393	3,079,193	2,935,345	2,930,886	-0.2 %
Finance	13,537,371	13,562,724	14,820,413	14,723,765	-0.7 %
Human Resources	1,827,818	1,992,565	2,089,349	2,129,232	1.9 %
Licenses & Inspections	4,962,720	4,952,567	5,167,315	5,272,375	2.0 %
Parks & Recreation	9,533,623	10,924,763	10,573,302	10,748,906	1.7 %
Fire	20,932,252	21,712,740	19,458,781	21,452,000	10.2 %
Police	57,199,941	57,646,946	53,733,709	55,211,199	2.8 %
Public Works	83,477,336	82,650,074	91,459,256	94,122,711	2.9 %
Real Estate & Housing	5,101,572	6,002,960	5,076,804	4,966,238	-2.2 %
Commerce (Port Debt)	962,160	1,343,565	1,280,776	1,290,546	0.8 %
State Pension Contr.	5,302,444	5,731,410	7,155,315	5,269,823	-26.4 %
Contingent Reserves	0	0	425,000	127,360	-70.0 %
Total Expenditures	<u>\$224,955,530</u>	<u>\$229,867,909</u>	<u>\$235,019,144</u>	<u>\$239,678,750</u>	<u>2.0 %</u>

Expenditures All Funds Fiscal Year 2017

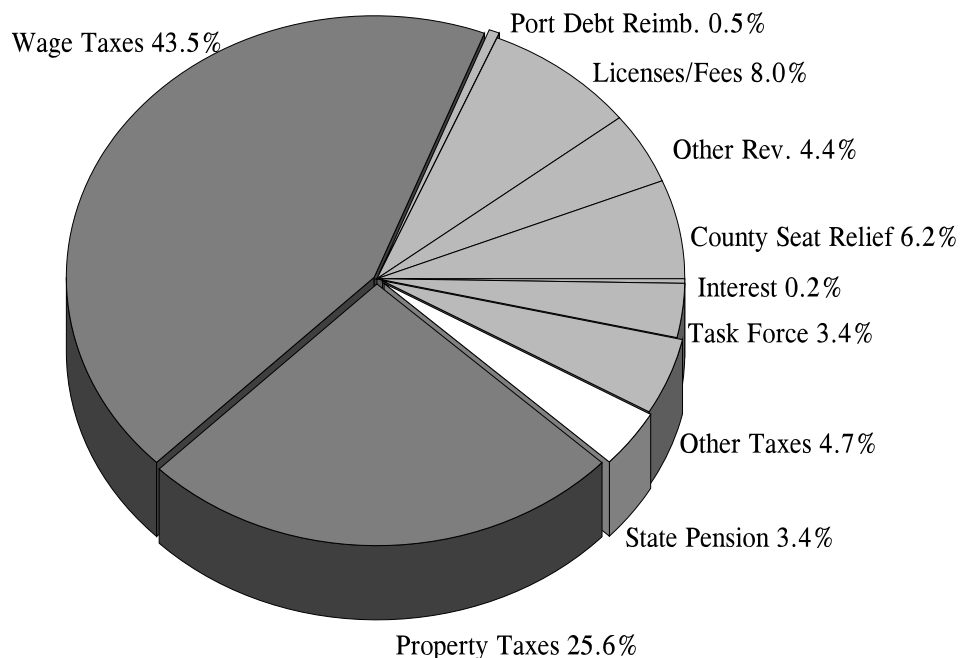


SUMMARY OF GENERAL FUND FISCAL YEAR 2017

Revenues	Actual FY 2014	Actual FY 2015	Budget FY 2016	Budget FY 2017	Percent Change FY'17-'16
Wage Tax	\$61,366,603	\$63,638,392	\$65,401,600	\$67,231,600	2.8%
Property Tax	38,140,803	40,046,863	39,727,500	39,566,179	-0.4%
Other Taxes	7,105,745	7,660,655	7,016,631	7,328,131	4.4%
Licenses, Permits, Fees & Fines	12,383,766	11,744,885	12,800,000	12,350,000	-3.5%
Interest	192,064	176,237	232,037	240,000	3.4%
Other Revenues	6,442,831	6,575,912	6,751,446	6,874,555	1.8%
Task Force Revenues	4,754,986	5,053,288	4,745,026	5,232,226	10.3%
County Seat Relief	9,129,958	9,658,837	8,765,836	9,643,339	10.0%
State Pension Contr.	5,302,444	5,731,410	7,155,315	5,269,823	-26.4%
Port Debt Reimburse.	456,166	934,165	936,721	840,060	-10.3%
Transfers In/(Out)	220,247	276,696	275,000	275,000	0.0%
Use of Fund Balance	0	0	0	0	0.0%
Total Revenues	<u>\$145,495,613</u>	<u>\$151,497,340</u>	<u>\$153,807,112</u>	<u>\$154,850,913</u>	<u>0.7%</u>

Other Taxes include Franchise Fees, Head Tax and Real Estate Transfer Tax. Other Revenues include indirect cost allocations, miscellaneous user charges, rental fees and concession revenues. Task Force Revenues include the State Corporate and LLC filings, Lodging Tax and Natural Gas Franchise Fees. County Seat Relief is a revenue enhancement package from the State that includes a Payment-in-Lieu-of-Taxes for State-owned properties and Uniform Commercial Code Filing Fees. State Pension Contr., previously booked directly into pension trust funds, is shown now as a General Fund revenue to comply with GASB pronouncement #24, concerning the treatment of "on-behalf" payments. Port Debt Reimbursement was previously in the now defunct Commerce Fund.

General Fund Revenues Fiscal Year 2017

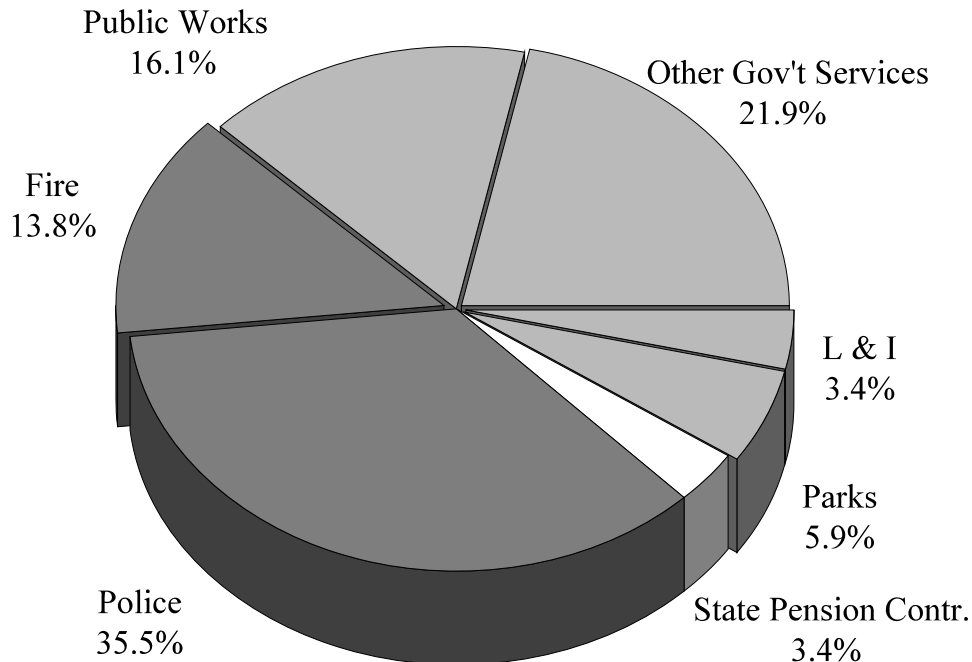


SUMMARY OF GENERAL FUND FISCAL YEAR 2017

<u>Expenditures</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Mayor's Office	\$9,239,324	\$9,855,945	\$10,442,804	\$10,461,651	0.2%
Council	2,166,120	2,192,709	2,159,204	2,229,138	3.2%
Treasurer	449,429	472,532	453,004	463,891	2.4%
Planning	1,699,512	1,592,393	1,688,491	1,762,874	4.4%
Audit	645,135	659,178	711,779	718,422	0.9%
Law	2,820,393	3,079,193	2,935,345	2,930,886	-0.2%
Finance	9,457,929	9,314,211	9,999,973	9,872,907	-1.3%
Human Resources	1,827,818	1,992,565	2,089,349	2,129,232	1.9%
Licenses & Inspections	4,962,720	4,952,567	5,167,315	5,272,375	2.0%
Parks & Recreation	8,366,574	9,374,534	9,186,463	9,070,747	-1.3%
Fire	20,084,197	20,968,819	19,032,412	21,250,631	11.7%
Police	54,725,949	55,858,211	53,212,298	54,669,955	2.7%
Public Works	21,599,992	22,131,957	23,962,930	24,740,393	3.2%
Real Estate & Housing	1,716,983	1,839,665	1,794,400	1,777,809	-0.9%
Commerce (Port Debt)	962,160	1,343,565	1,280,776	1,290,546	0.8%
State Pension Contr.	5,302,444	5,731,410	7,155,315	5,269,823	-26.4%
Contingent Reserves*	<u>0</u>	<u>0</u>	<u>425,000</u>	<u>127,360</u>	<u>-70.0%</u>
Total Expenditures	<u>\$146,026,679</u>	<u>\$151,359,454</u>	<u>\$151,696,858</u>	<u>\$154,038,640</u>	<u>1.5%</u>

* Includes a \$500,000 Citywide Operating Budget Contingency Fund, \$172,000 for snow and weather emergencies, and a negative offset of \$544,640 for anticipated prescription savings to be prorated once the details are ascertained.

General Fund Expenditures Fiscal Year 2017

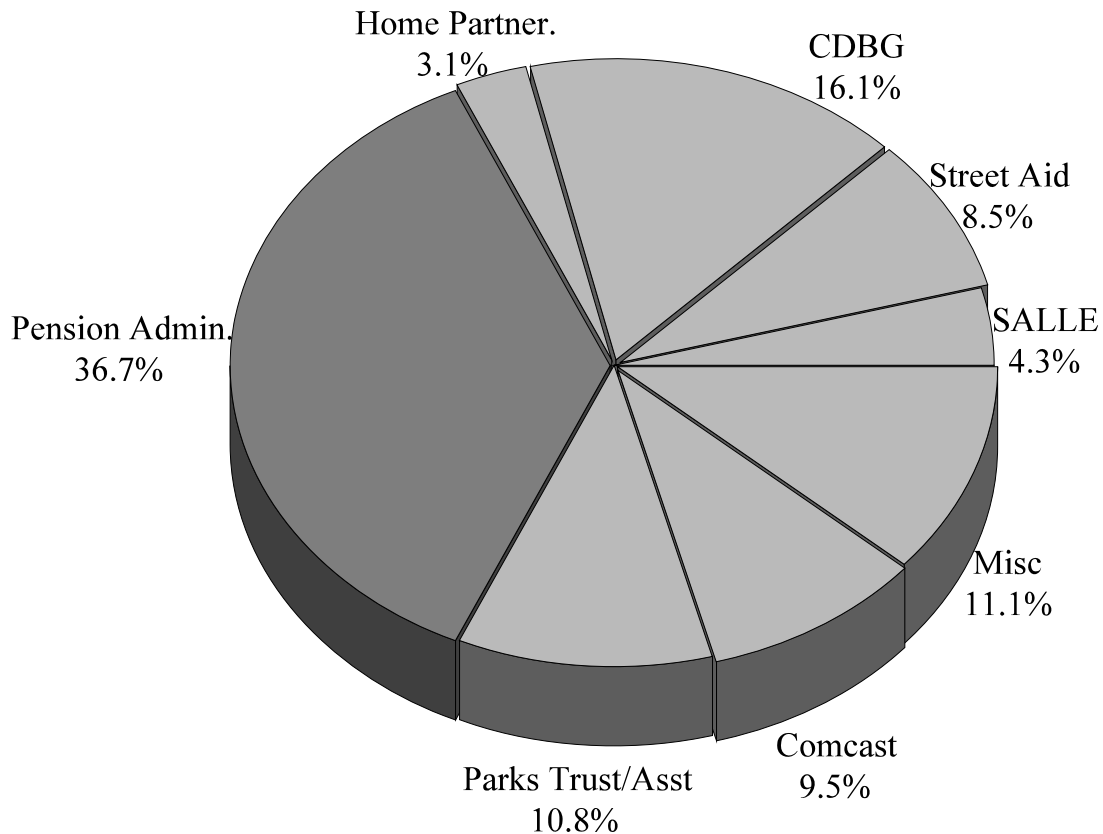


SUMMARY OF SPECIAL FUNDS FISCAL YEAR 2017

<u>Revenues</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Municipal Street Aid	\$1,068,403	\$823,313	\$1,078,857	\$1,070,165	-0.8%
CDBG	1,763,410	2,453,999	2,077,013	2,028,437	-2.3%
Comcast Franchise	1,165,800	1,183,955	1,131,061	1,200,000	6.1%
COPS Grant	121,033	29,765	0	0	0.0%
SAFER	404,814	0	0	0	0.0%
Parks Assistance	802,640	1,045,327	984,149	1,231,879	25.2%
Parks Trust Fund	87,125	105,289	125,094	130,956	4.7%
SALLE/LLEBG	2,352,959	1,758,970	521,411	541,244	3.8%
Pension Admin.	3,894,840	4,347,523	4,283,373	4,636,738	8.3%
Home Partnership	644,686	726,581	374,716	386,511	3.1%
Byrne Grant	0	0	0	0	0.0%
Miscellaneous Grants	<u>1,933,046</u>	<u>2,293,373</u>	<u>1,650,735</u>	<u>1,407,823</u>	<u>-14.7%</u>
Total Revenues	<u>\$14,238,756</u>	<u>\$14,768,095</u>	<u>\$12,226,409</u>	<u>\$12,633,753</u>	<u>3.3%</u>

Special Funds Revenues consist of supplemental revenues derived from non-taxation sources such as Federal and State grants and endowments. The Comcast franchise fee is a special exception related to City Council's CATV Fund.

Special Funds Revenues Fiscal Year 2017

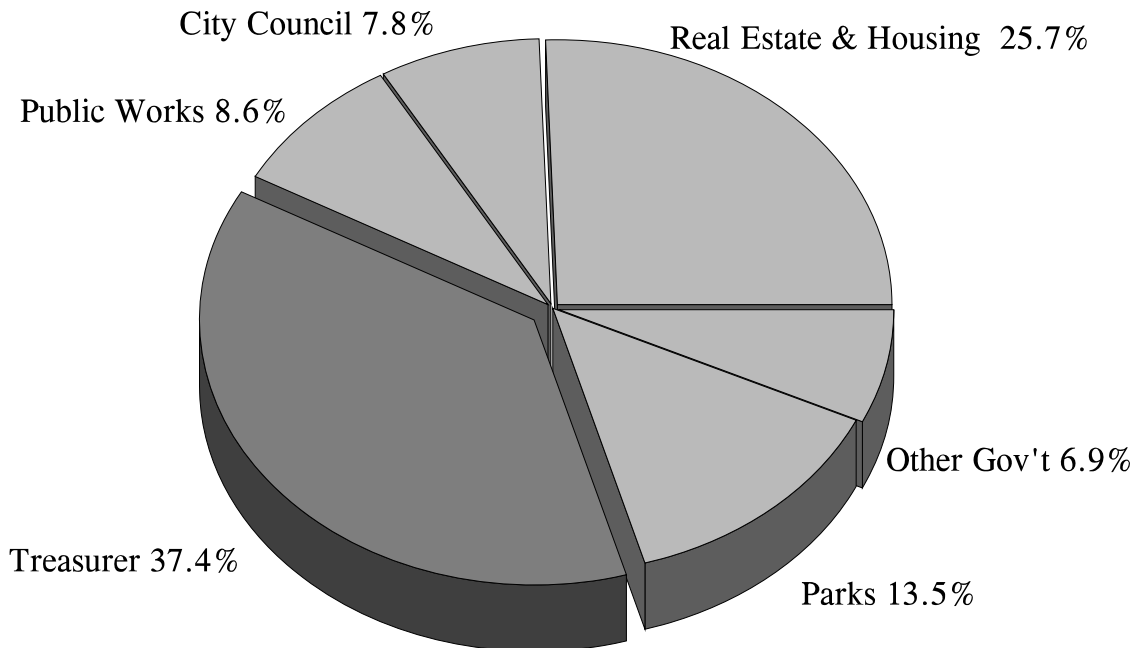


SUMMARY OF SPECIAL FUNDS FISCAL YEAR 2017

<u>Expenditures</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Mayor's Office	\$193,967	\$140,802	\$65,447	\$67,357	2.9%
City Council	896,620	909,641	917,556	971,078	5.8%
Treasurer	3,894,840	4,347,523	4,283,373	4,636,738	8.3%
Planning	42,061	26,322	50,648	50,292	-0.7%
Licenses & Inspections	0	0	0	0	0.0%
Parks & Recreation	1,167,049	1,550,229	1,386,839	1,678,159	21.0%
Fire	848,055	743,921	426,369	201,369	-52.8%
Police	2,473,992	1,788,735	521,411	541,244	3.8%
Public Works	1,068,403	823,313	1,078,857	1,070,165	-0.8%
Real Estate & Housing	<u>3,384,589</u>	<u>4,163,295</u>	<u>3,282,404</u>	<u>3,188,429</u>	<u>-2.9%</u>
Total Expenditures	<u>\$13,969,576</u>	<u>\$14,493,781</u>	<u>\$12,012,904</u>	<u>\$12,404,831</u>	<u>3.3%</u>

Except in the special case of the CATV Fund in City Council, for these Special Funds, total expenditures are equal to total revenues for purposes of appropriation. Therefore, there is no net income, fund balance or change in fund balance.

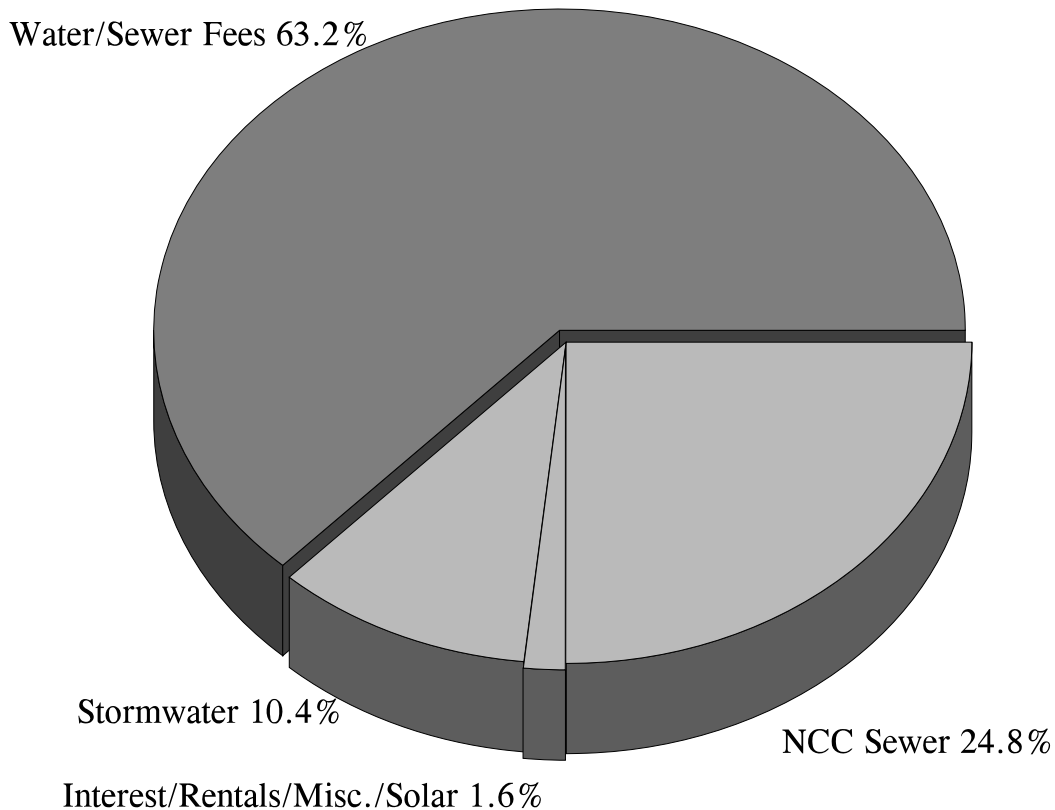
Special Funds Expenditures Fiscal Year 2017



SUMMARY OF WATER/SEWER FUND FISCAL YEAR 2017

<u>Revenues</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Water/Sewer					
User Fees	\$50,543,673	\$47,426,458	\$45,581,216	\$46,859,000	2.8%
Stormwater Billings	6,447,114	7,183,801	7,445,000	7,686,000	3.2%
New Castle County					
Sewer Services	17,769,628	18,095,165	19,380,024	18,374,244	-5.2%
Interest	4,135	3,502	30,000	4,000	-86.7%
Rentals/Misc.	1,584,492	1,031,263	1,127,784	1,047,000	-7.2%
Solar Panels	<u>146,759</u>	<u>120,296</u>	<u>52,000</u>	<u>150,000</u>	<u>188.5%</u>
Total Revenues	<u>\$76,495,801</u>	<u>\$73,860,485</u>	<u>\$73,616,024</u>	<u>\$74,120,244</u>	<u>0.7%</u>

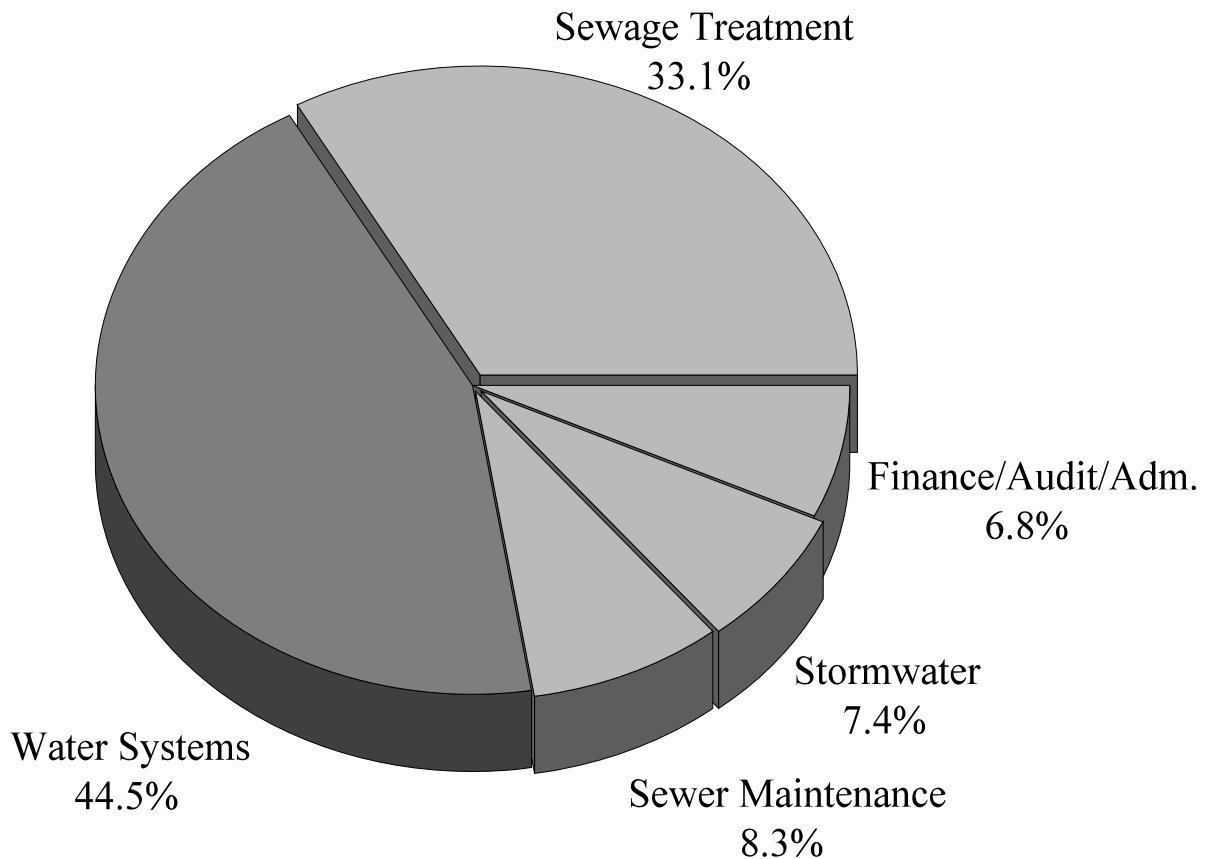
Water/Sewer Fund Revenues Fiscal Year 2017



**SUMMARY OF WATER/SEWER FUND
FISCAL YEAR 2017**

<u>Expenditures</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Audit	\$70,892	\$71,357	\$71,473	\$72,268	1.1%
Finance	4,079,442	4,248,513	4,820,440	4,850,858	0.6%
Public Works	<u>60,808,941</u>	<u>59,694,804</u>	<u>66,417,469</u>	<u>68,312,153</u>	<u>2.9%</u>
Total Expenditures	<u>\$64,959,275</u>	<u>\$64,014,674</u>	<u>\$71,309,382</u>	<u>\$73,235,279</u>	<u>2.7%</u>

**Water/Sewer Fund Expenditures
Fiscal Year 2017**

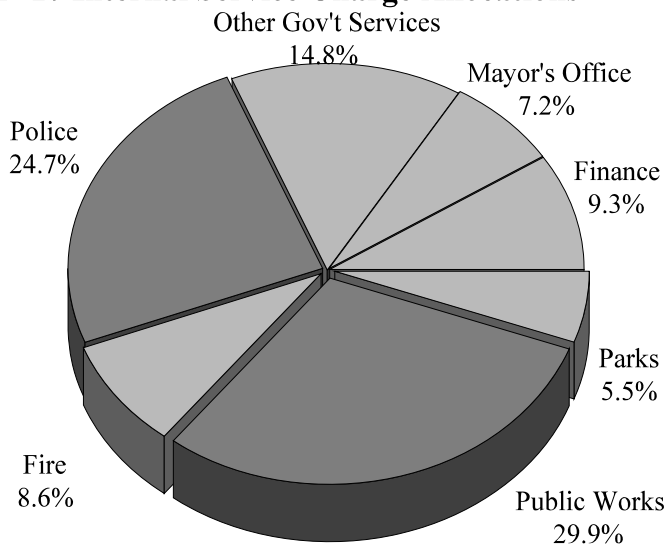


SUMMARY OF INTERNAL SERVICE FUNDS FISCAL YEAR 2017

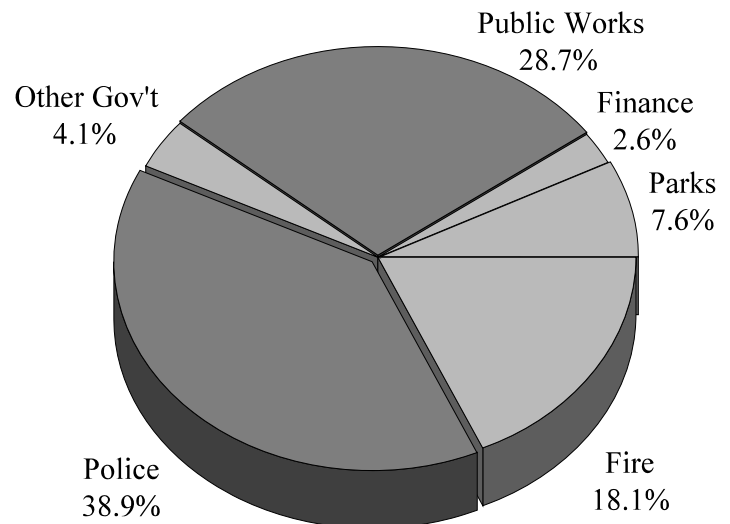
<u>Expenditures*</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'17-'16</u>
Mayor's Office	\$7,674,890	\$6,505,902	\$8,618,713	\$8,753,016	1.6%
Human Resources	23,831,955	29,692,130	23,884,267	29,946,093	25.4%
Public Works	<u>7,799,586</u>	<u>7,534,479</u>	<u>7,630,749</u>	<u>7,276,564</u>	<u>-4.6%</u>
Total Expenditures	<u>\$39,306,431</u>	<u>\$43,732,511</u>	<u>\$40,133,729</u>	<u>\$45,975,673</u>	<u>15.9%</u>

* Primary revenues for the Internal Service Funds are derived from charges to the operating budgets of the various departments. Revenue charges must meet expenditures at year-end and, therefore, no surplus or deficit may result.

Administrative Services FY '17 Internal Service Charge Allocations



Self-Insurance Program FY '17 Internal Service Charge Allocations



CAPITAL IMPROVEMENTS PROGRAM
FISCAL YEARS 2017-2022
(000 omitted)

SUMMARY: TOTAL FUNDS RECOMMENDED BY FISCAL YEAR AND DEPARTMENT									
NAME OF DEPARTMENT	TYPE OF FUNDING	FISCAL YEARS					TOTAL CITY FUNDS 6 YEAR PERIOD		TOTAL LOCAL AND MATCHING 6 YEAR PERIOD
		2017	2018	2019	2020	2021	2022	PERIOD	
FINANCE	G	0	332	0	340	0	643	1,315	1,315
	W	0	639	0	608	0	554	1,801	1,801
	I	0	63	0	0	0	0	63	63
FIRE	G	0	4,250	0	4,550	0	0	8,800	8,800
OFFICE OF THE MAYOR	G	0	192	0	0	0	0	192	192
	I	0	5,000	0	0	0	0	5,000	5,000
PARKS AND RECREATION	G	0	3,340	0	3,340	0	31,585	38,265	38,265
	O	0	300	0	300	0	250	0	850
POLICE	G	0	0	0	0	0	380	380	380
PUBLIC WORKS	G	0	12,000	0	12,500	0	13,000	37,500	37,500
	W	0	51,100	0	48,600	0	44,300	144,000	144,000
	O	0	200	0	200	0	0	0	400
REAL ESTATE & HOUSING	G	0	0	0	0	0	3,900	3,900	3,900
TRANSPORTATION	G	0	6,800	0	6,800	0	2,550	16,150	16,150
	O	0	8,000	0	8,000	0	8,000	0	24,000
TOTAL BY FUND	G	0	26,914	0	27,530	0	52,058	106,502	106,502
	O	0	8,500	0	8,500	0	8,250	0	25,250
	W	0	51,739	0	49,208	0	44,854	145,801	145,801
	I	0	5,063	0	0	0	0	5,063	5,063
GRAND TOTAL		0	92,216	0	85,238	0	105,162	257,366	282,616

Type of Funding: G - General; W - Water/Sewer; O - Other Governmental; I - Internal Service

CAPITAL IMPROVEMENTS PROGRAM
FISCAL YEARS 2017-2022
(000 omitted)

SUMMARY: TOTAL FUNDS RECOMMENDED BY EXPENDITURE TYPE									
NAME OF DEPARTMENT	Exp. Cat.	FISCAL YEARS					TOTAL CITY		TOTAL LOCAL
		2017	2018	2019	2020	2021	2022	FUNDS 6 YEAR PERIOD	AND MATCHING 6 YEAR PERIOD
FINANCE	NS	0	2	0	0	0	0	2	2
	NR	0	77	0	23	0	18	118	118
	UE	0	623	0	590	0	855	2,068	2,068
	RE	0	332	0	335	0	324	991	991
FIRE	NR	0	1,750	0	2,050	0	0	3,800	3,800
	RE	0	2,500	0	2,500	0	0	5,000	5,000
OFFICE OF THE MAYOR	NS	0	192	0	0	0	0	192	192
	NR	0	5,000	0	0	0	0	5,000	5,000
PARKS AND RECREATION	NR	0	0	0	0	0	1,550	1,550	1,550
	UE	0	2,380	0	2,380	0	28,560	32,620	33,320
	RE	0	1,260	0	1,260	0	1,725	4,095	4,245
POLICE	RE	0	0	0	0	0	380	380	380
PUBLIC WORKS	NS	0	0	0	0	0	0	0	0
	UE	0	37,800	0	35,300	0	31,300	104,000	104,400
	RE	0	25,500	0	26,000	0	26,000	77,500	77,500
REAL ESTATE & HOUSING	UE	0	0	0	0	0	3,900	3,900	3,900
TRANSPORTATION	UE	0	14,800	0	14,800	0	10,550	16,150	40,150
TOTAL BY EXPENDITURE CATEGORY	NS	0	194	0	0	0	0	194	194
	NR	0	6,827	0	2,073	0	1,568	10,468	10,468
	UE	0	55,603	0	53,070	0	75,165	158,738	183,838
	RE	0	29,592	0	30,095	0	28,429	87,966	88,116
GRAND TOTAL		0	92,216	0	85,238	0	105,162	257,366	282,616

Expenditure Category (Exp. Cat.): NS - New Service; NR - New Replace Existing; UE - Upgrade Existing; RE - Restore Existing

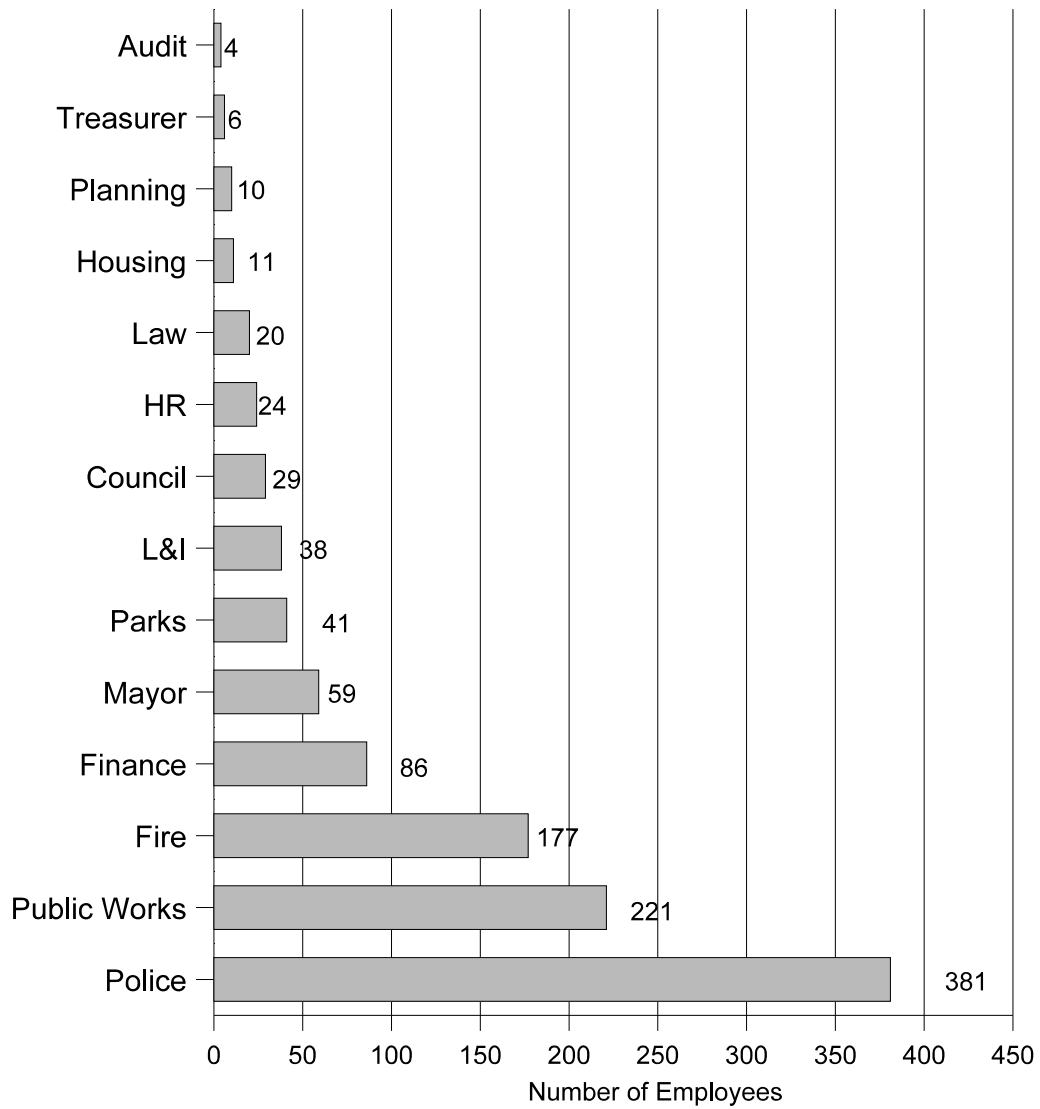
SUMMARY OF STAFFING LEVELS FISCAL YEAR 2017

TOTAL NUMBER OF EMPLOYEES ALL FUNDS COMBINED

<u>Department</u>	<u>Budget FY2013</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Net Change FY'17-'16</u>
Mayor's Office	57.00	60.00	59.00	59.00	59.00	0.00
Council	27.00	29.00	29.00	29.00	29.00	0.00
Treasurer	6.00	6.00	6.00	6.00	6.00	0.00
Planning	11.00	11.00	11.00	11.00	10.00	(1.00)
Audit	4.00	4.00	4.00	4.00	4.00	0.00
Law	21.00	21.00	20.00	20.00	20.00	0.00
Finance	90.00	87.00	88.00	88.00	86.00	(2.00)
Human Resources	22.00	21.00	22.00	22.00	24.00	2.00
Licenses & Inspections	38.00	38.00	38.00	38.00	38.00	0.00
Parks & Recreation	44.00	44.00	42.00	41.00	41.00	0.00
Fire	177.00	177.00	177.00	177.00	177.00	0.00
Police	382.00	382.00	382.00	382.00	381.00	(1.00)
Public Works	226.00	224.00	223.00	223.00	221.00	(2.00)
Real Estate & Housing	<u>15.00</u>	<u>15.00</u>	<u>12.00</u>	<u>12.00</u>	<u>11.00</u>	<u>(1.00)</u>
TOTAL	<u>1,120</u>	<u>1,119</u>	<u>1,113</u>	<u>1,112</u>	<u>1,107</u>	<u>(5.00)</u>

Total Employees per every 1,000 Persons in City Population	<u>15.81</u>	<u>15.79</u>	<u>15.71</u>	<u>15.69</u>	<u>15.62</u>
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**TOTAL NUMBER OF CITY EMPLOYEES BY DEPT.
FISCAL YEAR 2017
(ALL FUNDS)**



Almost 74% (or 817) of the City's employees work to provide Public Safety (Police, Fire, L&I) and Public Works services.

STAFFING LEVELS BY FUND FISCAL YEAR 2017

GENERAL FUND NUMBER OF EMPLOYEES

<u>Department</u>	<u>Budget FY2013</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Net Change FY'17-'16</u>
Mayor's Office	33.50	36.50	37.50	37.50	36.50	(1.00)
Council	27.00	20.05	20.05	19.55	19.55	0.00
Treasurer	2.92	2.92	2.92	2.92	2.92	0.00
Planning	10.63	10.63	10.43	10.49	9.53	(0.96)
Audit	4.00	4.00	4.00	4.00	4.00	0.00
Law	21.00	21.00	20.00	20.00	20.00	0.00
Finance	63.65	61.70	60.55	61.85	61.45	(0.40)
Human Resources	15.00	14.00	14.00	13.55	13.55	0.00
Licenses & Inspections	38.00	38.00	38.00	38.00	38.00	0.00
Parks & Recreation	44.00	44.00	42.00	41.00	41.00	0.00
Fire	164.00	170.50	177.00	177.00	177.00	0.00
Police	362.65	372.32	373.20	374.00	374.00	0.00
Public Works	122.65	122.40	120.65	120.65	120.15	(0.50)
Real Estate & Housing	<u>1.55</u>	<u>2.48</u>	<u>1.80</u>	<u>1.52</u>	<u>1.48</u>	<u>(0.04)</u>
TOTAL	<u>910.55</u>	<u>920.50</u>	<u>922.10</u>	<u>922.03</u>	<u>919.13</u>	<u>(2.90)</u>

SPECIAL FUNDS NUMBER OF EMPLOYEES

<u>Department</u>	<u>Budget FY2013</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Net Change FY'17-'16</u>
Mayor's Office	0.50	0.50	0.50	0.50	0.50	0.00
Treasurer	3.08	3.08	3.08	3.08	3.08	0.00
Planning	0.37	0.37	0.57	0.51	0.47	(0.04)
City Council	0.00	8.95	8.95	9.45	9.45	0.00
Real Estate and Housing	13.45	12.52	10.20	10.48	9.52	(0.96)
Fire	13.00	6.50	0.00	0.00	0.00	0.00
Police	<u>19.35</u>	<u>9.68</u>	<u>8.80</u>	<u>8.00</u>	<u>7.00</u>	<u>(1.00)</u>
TOTAL	<u>49.75</u>	<u>41.60</u>	<u>32.10</u>	<u>32.02</u>	<u>30.02</u>	<u>(2.00)</u>

STAFFING LEVELS BY FUND

FISCAL YEAR 2017

WATER/SEWER FUND

NUMBER OF EMPLOYEES

<u>Department</u>	<u>Budget FY2013</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Net Change FY'17-'16</u>
Finance	26.35	25.30	27.45	26.15	24.55	(1.60)
Public Works	<u>103.35</u>	<u>101.60</u>	<u>102.35</u>	<u>102.35</u>	<u>100.85</u>	<u>(1.50)</u>
TOTAL	<u>129.70</u>	<u>126.90</u>	<u>129.80</u>	<u>128.50</u>	<u>125.40</u>	<u>(3.10)</u>

COMMERCE FUND

NUMBER OF EMPLOYEES

<u>Department</u>	<u>Budget FY2013</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Net Change FY'17-'16</u>
Mayor's Office	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

INTERNAL SERVICE FUNDS

NUMBER OF EMPLOYEES

<u>Department</u>	<u>Budget FY2013</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Net Change FY'17-'16</u>
Mayor's Office	23.00	23.00	21.00	21.00	22.00	1.00
Human Resources	7.00	7.00	8.00	8.45	10.45	2.00
Finance	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>30.00</u>	<u>30.00</u>	<u>29.00</u>	<u>29.45</u>	<u>32.45</u>	<u>3.00</u>
TOTAL ALL FUNDS	<u>1,120</u>	<u>1,119</u>	<u>1,113</u>	<u>1,112</u>	<u>1,107</u>	<u>(5.00)</u>

FISCAL YEAR 2017 REVENUES

Overview

General Fund

Most of the City's larger revenue streams continue to show modest, but steady, growth. Total revenue before transfers is projected to increase by a net \$1,043,801 or 0.7% above the FY 2016 Budget, to a new total of \$154,575,913. The net change from Budget to Budget (FY 2017 vs. FY 2016) can be broken down as follows:

REVENUE	INCREASE/ (DECREASE)	TOTAL
Wage & Net Profits Tax	\$1,830,000	\$67,231,600
County Seat Relief Package	877,503	9,643,339
Task Force Revenues	487,200	5,232,226
Other Taxes	311,500	7,328,131
Licenses, Permits & Fees	200,000	4,400,000
Other Revenues	123,109	6,874,555
Interest Earnings	7,963	240,000
Property Taxes	(161,321)	39,566,179
Fines	(650,000)	7,950,000
Other Governments	(1,982,153)	6,109,883
TOTAL	\$1,043,801	\$154,575,913

Wage and Net Profits Tax

The FY 2017 Wage and Net Profits Tax projection totals just over \$67.2 million, a \$1.83 million increase above FY 2016. Wage Tax revenue has been growing, albeit modestly, fueled by an improving local economy. The Wage Tax base is now almost \$57.9 million, with another \$100,000 expected to be added by the end of this current fiscal year from ongoing audit and collection activities. For FY 2017, job growth and increased employee compensation are projected to increase taxable wages by 3.5%, further expanding base revenue by \$2.03 million. Finally, audit and collection efforts for FY 2017 are expected to bring in \$1.5 million in one-time revenue, \$500,000 less than last fiscal year. In total, FY 2017 Wage Tax revenue is projected to be \$61.5 million.

Net Profits revenue is projected to increase by \$200,000 to \$5.7 million for FY 2017.

FISCAL YEAR 2017 REVENUES

Overview

General Fund (continued)

The County Seat Relief Package is a bundle of escalating revenue enhancements authorized by former Governor Minner and approved by the Delaware General Assembly that built on the work of the 2003 Governor's Task Force (see Task Force Revenues section), which recognized that the City's long-term financial stability required a stronger and more diversified revenue stream. Like the Task Force revenues, the County Seat Relief Package was intended to provide diversified revenue support to the three county seats in the State of Delaware.

The FY 2017 projections total \$9.6 million. The breakout is as follows: \$2.5 million for a payment in lieu of taxes (PILOT) by the State on what would usually be tax-exempt properties in the City (down \$40,297 from the FY 2016 budget); \$4.9 million as part of the State's Uniform Commercial Code (UCC) filing fees (up \$100,000 from the FY 2016 budget); \$1.0 million in Statutory Trust Filing Fees (up \$800,000, based on actual remittances received the past 2 years); and \$1.3 million in New Castle County Corporate Filing Fees (this is up by \$17,800). In total, there is a \$877,503 increase in County Seat Relief Package revenues from the FY 2016 budget.

Task Force Revenues are the revenue sources that were created as a result of the 2003 Governor's Task Force, which took effect early in FY 2004. As a result, each county seat (Wilmington is the county seat of New Castle County) in the State receives the revenue derived from a \$20 State filing fee for Corporations and Limited Liability Companies (LLC). The State also passed enabling legislation that allowed the City to create a 2% Lodging Tax and a 2% Natural Gas Franchise Fee on gross sales of natural gas in the City.

In total, Task Force Revenues are projected to be \$487,200 higher for FY 2017. Two of the four components of the Task Force Revenues were increased as a result of applying State growth estimates to the projected FY 2016 revenues. These two components were Corporate Filings (up by \$66,900) and LLC Filings (up by \$345,300), to new totals of \$1,283,060 and \$2,787,333 respectively. Lodging Tax is projected to increase by \$125,000 to a new total of \$624,144 based on the FY 2016 projection, while the Natural Gas Tax is slated to fall \$50,000 below the FY 2016 budgeted level, to just under \$538,000, in recognition of almost historically low natural gas prices.

Other Taxes are projected to increase by \$311,500 for FY 2017. The breakout is as follows:

Franchise Fees revenue previously consisted of 2% of the gross revenues from electricity sales in the City and 5% of gross revenues from cable television service sales in the City. In Wilmington, Delmarva Power is the sole distributor of electricity and Comcast is currently the only provider of cable TV service. However, in FY 2014, City Council transferred the Comcast franchise revenue into the special CATV Fund. The annual Delmarva Power payment remains the sole source of revenue in this category, and is projected to be \$916,631, unchanged from the current FY 2016 budget and projection.

Real Estate Transfer Tax revenues are slated to rise by \$57,500 to \$2,357,500 for FY 2017, an increase of 2.5% over the projection for FY 2016, but less than the FY 2015 total of \$2.5 million. The

FISCAL YEAR 2017 REVENUES

Overview

General Fund (continued)

average price of residential homes is rising slowly, and the number of sales is increasing modestly. Medium and large commercial property transfers are also occurring, but at a pace that is extremely unpredictable.

Head Tax revenue is projected to increase by \$254,000, to \$4.054 million for FY 2017. The FY 2016 mid-year projection had been increased by \$200,000 to \$4.0 million, which became the base for FY 2017, and was further increased by \$54,000, the equivalent of 300 net new jobs.

Licenses, Permits and Fees revenue is projected to rise by \$200,000 to \$4.4 million in FY 2017. Business Licenses and Fees are expected to hold at \$1.6 million and \$600,000 respectively. However, Permits (Building) are projected to increase by \$200,000, due to several large development projects getting underway the summer of 2016.

Other Revenues is comprised of Indirect Cost, General Government Charges, Rentals, and Miscellaneous. Rentals and Miscellaneous revenues are expected to remain unchanged. Indirect Costs are a charge to the Water/Sewer Fund that offset costs incurred by the General Fund in support of the water, sewer, and stormwater utilities. Indirect Cost will rise by \$223,109, to a new total of \$5,246,555, reflecting the budget increases in the supporting services provided to the Water/Sewer Fund's utility functions by the General Fund. The remaining portion of this category, General Government Charges, will fall by \$100,000 due to a decrease in False Alarm Reduction revenue.

Interest Earnings

The City's cash balances available for investment have improved somewhat, supplemented by capital bond proceeds in early FY 2016. Interest rates have inched up a bit, but remain stubbornly low. Accordingly, Interest Earnings are projected to rise minimally by \$7,963 above the FY 2016 budgeted amount.

Property Taxes are projected to total \$39,566,179, a net decrease of \$161,321. Base billings for FY 2016 were \$39.5 million. However, assessment appeals from owners of some large commercial properties are pending. Revenue loss from appeals is projected to be \$500,000, and is in addition to the \$50,000 reduction for other billing adjustments projected to occur in FY 2016. Helping to offset these reductions is \$403,000 of additional revenue resulting from expiring tax incentives and higher assessments due to property improvements. A 2.0% adjustment downward for uncollectible accounts reduces the net base revenue for FY 2017 by \$787,000. Lastly, Penalty and Interest is expected to add \$1.0 million in one-time revenue, an increase of \$350,000 from last fiscal year. No change to the property tax rate is proposed in FY 2017.

FISCAL YEAR 2017 REVENUES

Overview

General Fund (continued)

Fines are projected to decrease by \$650,000, to a total of \$8.0 million. The breakout is as follows:

Criminal/Traffic Fines revenue consists of red-light camera fines, other miscellaneous traffic and criminal fines, and the L&I Instant Ticketing Program. Revenue is projected to total \$4.7 million in FY 2017, down \$50,000 from the FY 2016 budget, and is broken down as follows: Red-light camera fines at \$4.0 million (no change), Criminal Fines at \$250,000 (down \$50,000), and L & I Instant Ticketing at \$400,000 (no change).

Parking Tickets/Booting Fines are forecast to decrease \$600,000 from the \$3.9 million budgeted in FY 2016, down to \$3.3 million in FY 2017. There has been a three-year downward trend resulting from reduced ticket writing activity and changes in parking regulations.

Other Governments consists of the State Pension Contribution and the State Port Debt Reimbursement. The State Pension Contribution is a pass-through grant of \$5,269,823 (a reduction of \$1.9 million) in revenue that is offset against an equal amount appropriated for pension contribution expenses in the Fire and Police Departments. The State Port Debt Reimbursement is related to the 1996 sale of the Port from the City to the State. The State requested as part of the terms of the sale that the Port debt remain as a liability on the City's books. However, the State did agree to reimburse the City annually for the amount the City was scheduled to pay out to service the Port debt. The amount for FY 2017 will be \$840,060, and represents a \$96,661 decrease below this fiscal year.

FISCAL YEAR 2017 REVENUES

Overview

Water/Sewer Fund

Total Water/Sewer Fund revenues are projected to increase by more than \$504,000 above FY 2016, to a new total of \$74.1 million in FY 2017. Water/Sewer revenues are a combination of Water/Sewer User Fees, Stormwater Billings, and New Castle County (NCC) Sewer, along with the smaller revenue categories of Interest, Rentals, and Solar Panel Revenue. While each of these categories was affected by different factors, it was the overall rate structure that had to be addressed to avoid a fiscal crisis. For almost a decade, rates had not been properly aligned to provide adequate cash flow to the Fund's utility operations. As a result, the General Fund had been subsidizing the Water/Sewer Fund's cash shortages. This led to a situation where nearly all the cash reserves in the General Fund had been depleted, with the City on the path to insolvency had nothing been done. To rectify this, a multi-year plan of prudent rate increases was implemented, starting in FY 2010. As a result, the Water/Sewer Fund is very close to total self-sufficiency, with enough income to no longer require financial support from the City's General Fund.

Water/Sewer User Fees

The base amount of Water/Sewer User Fees had been growing in recent years as a result of the rate increases to stabilize the Fund. For FY 2017, base billings, forecasted through financial modeling using current consumption data, will increase to \$42.9 million. After factoring in the allowance for uncollectible accounts, and adding special sewer and other miscellaneous revenue, total User Fees is projected to be \$46.9 million, a net increase of \$1.3 million over the FY 2016 budget. There is no proposed increase to water and sewer rates for FY 2017.

Stormwater Billings

The Stormwater Property Fee is charged to all property owners in the City. The fee is not based on a consumption factor, but rather on the size of a property and the characteristics of that parcel's land and buildings as they relate to the generation of storm runoff. The Stormwater Billings base for FY 2016 is \$8.1 million. After allowing a total of \$405,000 for uncollectible accounts, almost \$7.7 million in revenue is projected for FY 2017, a net increase of \$241,000 above the FY 2016 budget. There is no proposed increase to stormwater rates for FY 2017.

New Castle County Sewer

The City and New Castle County are currently in the midst of negotiating a new contract defining the fee structure for treating the County's sewage. Until a new contract is agreed upon, the terms of the expired contract, settled through arbitration, will continue. Total revenue for FY 2017 is projected at \$18,374,244, a net decrease of \$1,005,780 from last fiscal year. The decrease occurred because a one-time reimbursement of \$1,047,000 to the City for special repairs to concrete at the sewage treatment facility in FY 2016 will not recur.

FISCAL YEAR 2017 REVENUES

Overview

Water/Sewer Fund (continued)

Interest

Previously, all interest earned on City cash balances, regardless of the source, was booked as revenue to the General Fund. Starting in FY 2007, to help bolster the Water/Sewer Fund, interest earned on unspent Water/Sewer capital cash balances was booked as revenue to the Water/Sewer Fund. But based on the last two years of actual revenues, interest is projected to decrease by \$26,000 to \$4,000.

Rentals

Rental income, which is derived by charging fees to telecommunications companies that rent space on the City's water tanks for antennae and transmitters, is projected to decrease by almost \$81,000 to \$1,047,000. The combined total revenue projected in FY 2017 for this category is \$1,051,000.

Solar Panel Revenue

This was a new revenue source that began in FY 2011. Although small in value, because of the special nature of this revenue, it is accounted for in its own separate category. As a result of the installation of solar panel arrays at various municipal sites (most notably the Porter Filter Plant), the City earns Solar Renewable Energy Credits (SRECs). Revenue is obtained from the sale of these credits by the City. For FY 2017, \$150,000 in revenue is expected, up by \$98,000.